

# **Deregulation Or Re-Regulation**

## **Grower Constructions Of Risks That Arise From Regulatory Change In The New Zealand Pipfruit Industry.**

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## ABSTRACT

This thesis seeks to combine two political economy of food perspectives stemming from food regimes analysis and concepts of food networks for the purpose of identifying and examining grower constructions of risks arising from regulatory change in the New Zealand pipfruit industry. While the food regimes framework has received some criticism from the post-structuralist camp, it is difficult to conceive how a clear understanding of agri-food networks in New Zealand, particularly post-1984, could be proposed without focusing on the momentous political and economic events associated with the structural adjustment experiment which fundamentally changed the productive, investment, economic and socio-political landscapes. Food regimes analysis, with its focus on investment axes and comparative trends in global food restructuring, represents a powerful theoretical tool in situating historical and current industry challenges and structural conditions. The research uses focus groups as the primary participatory research vehicle and through this has identified grower defined, risk matrices. These matrices have been built in four separate pipfruit growing regions. Each prioritises risk events in terms of likelihood of occurrence and seriousness of consequence, in the orchard business enterprise context. Regionally specific risk construction and definition can assist in the prediction, and analysis, of the effects of deregulation (re-regulation), and influence future development trajectories for the New Zealand pipfruit industry and the regional communities where the industry is a major economic driver.

**Key Words:** food regimes; food networks; qualitative method; focus group; risk; construction.

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## **Chapter 1**

### **Introduction**

#### **1.0 Research Context**

During its annual general meeting in 1999, the Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE), of which New Zealand is a member, stated that the global apple industry was in financial crisis. Chronic conditions of oversupply by Southern and Northern Hemisphere producers, static or declining demand in traditional and high-value consumer markets, retail consolidation and competition from new food forms (nutraceuticals, functional foods, ‘munchies’ and ‘sippies’) have combined to make the situation for apple growers and marketers a difficult one.

Examined in broader context, the real retail prices for apples have been declining for almost two decades. Over this period, New Zealand has been only partially exposed to the implications of oversupply and price decline owing to an overall trend of a drop in the relative value of the New Zealand dollar. As international market conditions for apples have declined particularly over the past five years, increased political tension and financial strain have characterised domestic industry operations and structures. Growers and rural community residents dependent on pipfruit industry production and viability have staged public marches both for, and against the continuation of controlled channel marketing legislation. In November 2000 the Minister of Agriculture announced a review of the industry, its regulations and its performance. Signals indicate that it will be very challenging for the statutory exporter ENZA, to retain controlled channel marketing legislation.

International and domestic structural and political events conspire to make the restructuring dynamics of New Zealand’s pipfruit industry complex and contested. The industry’s current challenges are also shaped by unique historical and locality attributes – both cultural and biophysical. The research presented in this thesis centres on the former

attributes of change – cultural dynamics capturing the shifting balance between place, production and people. Food regimes notions, food networks and locality concepts provide the theoretical bases for investigation. The aim is to gain better insight into agri-food restructuring issues, examining how understandings of globalisation are best made by incorporating locality dynamics in the initial stages of thinking about changes to commodity chains within the world food economy.

## **1.1 Why the New Zealand Pipfruit Industry?**

Research into the contested politics of pipfruit industry restructuring and socially-constructed perceptions of grower risks associated with this restructuring process took place over a twenty-four month period between July 1998 and August 2000. The focus groups which form the basis of empirical work in Chapter 6 were conducted early in 2000. Earlier involvement with grower advocacy and pipfruit industry restructuring was not specifically conducted with a view to contributing to this thesis process. However, working with growers and rural communities for 12 to 16 months prior to the formal focus group activities being conducted, contributed to a wide structural and contextual knowledge of industry restructuring impacts and perceived ‘threats’ to the pipfruit sector’s overall viability.

Another aspect that has influenced interest in the New Zealand pipfruit industry is my professional involvement with the industry. Between 1993 and 1999 I worked, concurrently, as a pipfruit orchardist and a MAF Policy Agent. The latter role being on the fringe of Central Government policy development for the agricultural sector. The author’s role involved intelligence gathering and issue identification, with the primary focus being toward the horticultural sector. This period saw, arguably, the greatest restructuring pressure applied to the pipfruit industry, under the neo-liberal deregulation banner. My position meant that I could observe Central Government imposing change into the pipfruit industry with little, if any knowledge of grower capacity to accommodate such change. This new research project has permitted me to take initial steps in

uncovering and documenting grower perspectives on deregulation or re-regulation, particularly how they see risks acting on their businesses.

## **1.2 Thesis Organisation**

Following this short introductory chapter, the thesis is organised into six subsequent chapters. Chapter two comprises the literature review. Here key theoretical concepts are examined that are relevant to the political economy perspective adopted for the research. Specific attention is given the attributes of food regimes and food networks as useful starting points for understanding the multi-dimensional and spatially complex processes of agri-food restructuring. The notion of 'locality' is also introduced in this chapter as a key concept in examining the general and unique aspects of New Zealand's economic, social and political globalisation. Locality is also an important conceptual lens through which the limitations of metropolitan theory can be addressed.

Chapter three offers an historical overview of New Zealand's pipfruit industry. An historical look at industry structures and regulations reflects on the unique characteristics of pipfruit production and marketing in New Zealand which have significant bearing on the restructuring debates and challenges faced by the contemporary industry stakeholders and managers. Building on this historical knowledge, Chapter four outlines some key contemporary global-local challenges for New Zealand's industry as it competes in international fruit markets. Chapter five reflects on research methods, and argues for the importance of qualitative and quantitative analysis in building a more comprehensive understanding of the processes shaping agrifood restructuring. The methods chapter centres on qualitative research methods, in this case focus groups, as a tool for evaluating how risk and restructuring experiences are socially constituted. Chapter six provides an overview of the field research – looking at the results of study conducted in four of New Zealand's nine apple growing regions. Finally, Chapter seven engages in some reflection about the usefulness of theory, the role of different methods in exploring key research

questions and possible directions for future research concerned with agrifood restructuring.

This research makes an important contribution to understanding social and economic development in the New Zealand setting - clearly a developed society and economy. Understanding that development is about processes of change, has direct relevance to the New Zealand situation. With the political swing to neo-liberal economic ideology in 1985, change was imposed with speed that had not been witnessed before in a developed country (Kelsey 1995). If the neo-liberal path to embrace globalisation and a world system is continued to the point of deregulating the New Zealand pipfruit industry, then developing an understanding of potential impacts on production and producers on the periphery of the system, is critical to enable the state to act effectively in its 'new' development role, within that gambit of neo-liberal theory. This research then, by building a grower perspective on what such change could mean, can contribute to managing future change in a manner that maximises social and economic continuity.